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Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Mission in Ethiopia and Eritrea

Financial performance report for the period from 1 July 2006 to 30 June 2007 and proposed budget for the period from 1 July 2008 to 30 June 2009 of the United Nations Mission in Ethiopia and Eritrea

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2006/07	$137,385,100
Expenditure for 2006/07	$126,618,400
Unencumbered balance for 2006/07	$10,766,700
Appropriation for 2007/08	$113,483,400
Projected expenditure 2007/08[a]	$105,268,000
Estimated unencumbered balance for 2007/08[a]	$7,931,000
Proposal submitted by the Secretary-General for 2008/09	$100,367,400
Recommendation of the Advisory Committee for 2008/09	$100,367,400

[a] Estimates as at 31 May 2008 (see annex).

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I. Introduction

1. **Subject to the observations and recommendations in the paragraphs below, the Advisory Committee on Administrative and Budgetary Questions recommends approval of the proposed budget for the United Nations Mission in Ethiopia and Eritrea (UNMEE) for the period from 1 July 2008 to 30 June 2009 (A/62/811).**

2. The Advisory Committee's general report on administrative and budgetary aspects of the financing of the United Nations peacekeeping operations (A/62/781) contains its views and recommendations on a number of cross-cutting issues. Consequently, in the paragraphs below, the Committee deals with resources and other items specifically relating to UNMEE.

3. The documents reviewed and those used for background by the Advisory Committee in its consideration of the financing of UNMEE are listed at the end of the present report.

II. Financial performance for the period from 1 July 2006 to 30 June 2007

4. In its resolution 60/272, the General Assembly, appropriated to the special account for UNMEE an amount of $174,679,200 gross ($171,115,500 net) for the maintenance of the Mission for the period from 1 July 2006 to 30 June 2007. Subsequently, in order to implement the reconfiguration of the military component of the Mission authorized by the Security Council in its resolution 1681 (2006), the Secretary-General submitted a revised budget for UNMEE for 2006/07 (A/61/575), which amounted to $145,516,400 gross ($142,765,400 net). On the basis of the recommendation of the Advisory Committee (see A/61/575), the General Assembly, by its resolution 61/248 A, reduced the appropriation of $174,679,200 gross ($171,115,500 net) for the maintenance of the Mission for the 2006/07 period under the terms of its resolution 60/272 to $137,385,100 gross ($134,634,100 net). The full amount has been assessed on Member States. Expenditures for the period totalled $126,618,400 gross ($123,900,300 net). The resulting unencumbered balance of $10,766,700 represents, in gross terms, 7.8 per cent of the total appropriation (A/62/560 and Corr.1, sect. III.A).

5. The Advisory Committee was informed that underexpenditures were largely incurred under: (a) military and police personnel, by $712,100 (gross) (1.1 per cent) mainly due to a reduction in UNMEE's strength from 2,300 to 1,700 military personnel authorized by Security Council resolution 1741 (2007); (b) civilian personnel by $2,047,300 (gross) (8 per cent), mainly due to higher average vacancy rates for international staff, national staff and United Nations Volunteers; and (c) operational costs by $8,007,300 (16.5 per cent), mainly due to a ban imposed on UNMEE helicopter flights and fuel quotas, which restricted the movement of personnel. Overexpenditures under these categories were incurred, inter alia, under: (a) military contingents for additional requirements for death and disability payments for which no provision had been made; (b) the UNMEE share of the costs for outside consultancy services engaged by Headquarters in connection with the new rations contracts; (c) cost of unplanned official travel to attend training sessions

on security management, property control, rations management and radio operations; and (d) costs of additional rental/leasing of premises and land.

6. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period from 1 July 2008 to 30 June 2009 (A/62/811) in the paragraphs below.

III. Information on performance for the current period

7. The Advisory Committee was informed that, as at 28 May 2008, a total of $1,296,261,000 had been assessed on Member States for UNMEE since its inception. Payments received through 30 April amounted to $1,269,794,000, leaving an outstanding balance of $26,467,000 payable by Member States. As at 27 May 2008, the cash position of the Mission was $44,000,000, including the three-month operating reserve of $20,892,000 (excluding reimbursements for troop-contributing countries). The Committee was also informed that the remaining cash balance of $23,108,000 was sufficient for the reimbursement to troop-contributing countries at the next scheduled payment in June 2008.

8. The Advisory Committee was informed that, as at 30 April 2008, a total of $1,309,000 was owed to Member States for troop costs. With regard to contingent-owned equipment, $39,000 was owed to Member States as at 31 December 2007. Claims for contingent-owned equipment have been certified up to 30 September 2007 and related payments were transferred up to 31 December 2007. Since the inception of the Mission, death and disability compensation in the amount of $570,000 had been paid for 38 claims, as at 28 May 2008, unliquidated obligations amounted to $281,000 and eight claims remained outstanding. **The Advisory Committee expects that the outstanding claims will be settled expeditiously.**

9. The Advisory Committee was informed that, as at 28 May 2008, the incumbency status of UNMEE for the period from 1 July 2007 to 30 June 2008 was as follows:

	Authorized[a]	*Encumbered*	*Vacancy/delayed deployment rate (percentage)*
Military observers	230	92	60.0
Military contingent personnel	1 470	216	85.3
International staff	176	147	16.5
National staff	219	196	10.5
General temporary assistance	1	0	100
United Nations Volunteers	68	62	8.9

[a] Represents the highest authorized strength for the period.

10. The Advisory Committee was provided with current and projected expenditure data for the period from 1 July 2007 to 30 June 2008 (see annex). Expenditures as at 31 May 2008 amounted to $96,355,000 (gross). The Committee notes that the total

expenditure for the period 2007/08 is projected at $105,268,000 (gross), against an appropriation of $113,483,400 (gross).

IV. Proposed budget for the period from 1 July 2008 to 30 June 2009

A. Mandate and planned results

11. The mandate of UNMEE was established by the Security Council in its resolutions 1312 (2000) and 1320 (2000) and further adjusted by the Council in its resolutions 1430 (2002) and 1531 (2004). The military strength of the Mission has been adjusted by the Council in its resolutions 1560 (2004), 1622 (2005) and 1681 (2006). In its resolution 1741 (2007), the Council determined the key activities of UNMEE during the budget period 2008/09, taking into account the reconfiguration of its military component and its downsizing to 1,700 personnel (including 230 military observers). The most recent extension of the mandate, to 31 July 2008, was authorized by the Council in its resolution 1798 (2008).

12. The Advisory Committee notes from the special report of the Secretary-General on UNMEE (S/2008/226) that, with the temporary relocation of UNMEE military personnel and equipment from Eritrea, the Mission has reached a critical turning point. The Committee was informed that, of the 308 remaining military observers and military contingents (see para. 9 above), a total of five military personnel remained in Eritrea (four staff officers with UNMEE's Integrated Support Services, as well as the Force Commander), together with 134 civilian staff members.

13. The Secretary-General notes in paragraph 32 of his report (S/2008/226) that, since early 2004, Eritrea has imposed a number of restrictions on UNMEE, including restrictions in freedom of movement, and the banning, since October 2005, of United Nations helicopter flights in Eritrean airspace, as well as the expulsion, in December 2005, of UNMEE international staff who are nationals of certain countries. The Secretary-General notes, in paragraph 33 of this report, that, in September 2006, the Eritrean authorities started limiting fuel supplies to UNMEE to 50 per cent of the Mission's monthly requirements. On 1 December 2007, Eritrea stopped all fuel supplies to UNMEE, resulting in the crisis that forced the temporary relocation of the Mission from Eritrea. The Advisory Committee was informed that UNMEE's main logistics base has remained in Asmara and that no alternative location has been identified. The Committee was also informed that the lack of fuel has made operations in Eritrea difficult and that severe rationing has been introduced. All supply sources, including extracting fuel from unused equipment, have been utilized and a two-month supply of fuel was remaining. **The Advisory Committee notes the changed situation on the ground and recommends that any lessons learned in this regard be duly taken into account in the deployment of future missions.**

14. The Advisory Committee notes from paragraph 54 of the report of the Secretary-General that he intends to submit a further report, for consideration by the Council before the expiration of the mandate of UNMEE on 31 July, setting out specific proposals on the future of the Mission. The temporary relocation of UNMEE from Eritrea and the current deployments of the Mission in Ethiopia would

remain in place as an interim arrangement. The Secretary-General noted, in paragraph 55 of his report, that it is essential that the Security Council make the necessary decisions as a matter of priority.

B. Resource requirements

15. **The Advisory Committee notes that the proposed budget for 2008/09 was prepared prior to the developments outlined in the paragraphs above, including the subsequent relocation of military personnel from Eritrea, and may not, therefore, reflect current conditions on the ground.**

16. The proposed budget for 2008/09 amounts to $100,367,400 gross ($98,027,600 net), representing a decrease of $13,116,000, or 11.6 per cent, in gross terms, in comparison with the apportionment of $113,483,400 for 2007/08. The budget provides for the deployment of 230 military observers, 1,470 military contingent personnel, 177 international staff (including one temporary Field Service position), 219 national staff and 68 United Nations Volunteers.

1. Military and civilian police personnel

Category	*Approved 2007/08*	*Proposed 2008/09*	*Variance*
Military observers	230	230	—
Military contingents	1 470	1 470	—

17. The proposed budget for the period 2008/09 for military observers and military contingents amounts to $41,475,800, reflecting a decrease of $3,980,900, or 8.8 per cent, from the 2007/08 apportionment of $45,456,700. As noted from information provided to the Advisory Committee, the lower requirements for military observers and military contingents are mainly due to: (a) the application of a 15 per cent for military observers and 20 per cent vacancy rate for military contingent personnel; and (b) the elimination of the provision of standard troop cost reimbursement to troop-contributing countries for staff officers as a result of revised support arrangements effective 1 July 2007, pursuant to General Assembly resolution 61/276. Increased requirements are mainly due to: (a) higher round-trip travel costs for military contingents and staff officers; and (b) the provision of mission subsistence allowance to all staff officers pursuant with General Assembly resolution 61/276.

18. The Advisory Committee notes that, following the relocation of military contingents to their home countries, no military presence remains in Eritrea except for five military personnel. As at 28 May, a total of 92 UNMEE military observers and 216 military contingents remain in UNMEE (see para. 9 above).

19. The Advisory Committee notes that military contingents were relocated to their home countries with their contingent-owned equipment. Upon enquiry, the Committee was informed that all payments to Member States regarding contingent-owned equipment remained on schedule. The Committee was also informed that the Secretariat has reimbursed UNMEE troop-contributing countries for troop costs through the end of February 2008 and for contingent-owned equipment up to 30 September 2007. Additionally, claims for contingent-owned equipment for the period up to 31 December 2007 are being recorded as accounts payable. Further,

with regard to the reimbursement of costs related to the temporarily relocated troops and equipment, consultations were ongoing within the Secretariat to determine the full extent of the Organization's legal obligations in respect of these costs. **The Advisory Committee expects that this matter will be clarified in order to enable the settlement of related reimbursements to Member States without delay.**

2. Civilian personnel

Category[a]	*Approved 2007/08*	*Proposed 2008/09*	*Variance*
International staff	176	176	0
National staff[b]	219	219	0
General temporary assistance	1[c]	1[c]	0
United Nations Volunteers	68	68	0

[a] Represents the highest level of authorized/proposed strength.
[b] Includes National Officers and national General Service staff.
[c] For 1 international general temporary assistance position.

20. The proposed budget for the period 2008/09 for civilian personnel amounts to $38,771,600, reflecting an increase of $4,725,700, or 10.8 per cent, from the 2007/08 apportionment of $43,497,300.

21. The proposal entails requirements of: $16,295,000 for international staff, representing a decrease of $4,669,900 (22.3 per cent) from the period 2007/08; $1,636,300 for national staff, or an increase of $332,300 (25.5 per cent); $2,069,200 for United Nations Volunteers, or a decrease of $57,900 (2.7 per cent); and $119,500 for general temporary assistance, or a decrease of $13,900 (10.4 per cent).

22. The Advisory Committee notes that the Secretary-General does not propose any changes to UNMEE's staffing establishment. The Committee was informed that no recruitment activities were taking place and that staffing levels were well below authorized levels (see para. 9 above).

3. Operational costs

(In United States dollars)

Apportioned 2007/08	*Proposed 2008/09*
$43 497 300	$38 771 600

23. The estimated operational requirements for the period from 1 July 2008 to 30 June 2009 represent a decrease of $4,725,700, or 10.9 per cent, compared to the previous period.

24. The Advisory Committee notes that rations continue to be supplied by air from UNMEE's main logistics base in Asmara for distribution to the military contingents. The Committee was informed that the Mission had recently raised the matter of establishing a distribution base in Ethiopia with the rations contractor. There was, however, no enthusiasm on the part of the contractor in view of the small numbers involved and the uncertainty as to the future duration of the Mission. This has added to the Mission's cost and workload, as rations previously delivered by truck in

Eritrea have to be flown to northern Ethiopia, via Addis Ababa, for distribution to the contingents. **The Advisory Committee encourages the Mission to continue to explore ways of supplying rations in a timely and cost-effective manner.**

25. Upon enquiry, the Advisory Committee was informed that the Mission maintains engineering assets that have become depreciated, but are still functional, and that it would not be economical to transfer these assets to another Mission or return them to the United Nations Logistics Base in Brindisi, Italy. UNMEE provided information on the estimated cost for the replacement of aged assets, approximately $4.5 million, as follows:

Facilities and infrastructure	
Generators	177 000
Water purification equipment	16 000
Kitchen equipment	20 000
Office furniture	33 000
Office equipment	107 000
Subtotal	**353 000**
Ground transportation	2 011 600
Communications	1 816 300
Information technology equipment	362 112
Subtotal	**4 190 012**
Total	**4 543 012**

26. The Advisory Committee notes that the Mission continues to maintain and use these assets. It stresses, in this connection, that the maintenance cost of old and/or outdated equipment should not exceed the cost of replacement. The Committee was also informed of high inventories of vehicles in Eritrea, which were beyond their useful life, and of the fact that the local authorities have not granted permission to UNMEE to dispose of or to sell these vehicles locally. **The Advisory Committee expects that the Mission will develop an asset disposal plan and present such a plan in the next budget submission.**

V. Conclusion

27. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2006 to 30 June 2007 is indicated in paragraph 25 of the performance report (A/62/560 and Corr.1). **The Advisory Committee recommends that the unencumbered balance of $10,766,700, as well as other income and adjustments in the amount of $7,245,700, be credited to Member States in a manner to be determined by the Assembly.**

28. The action to be taken by the General Assembly in connection with the financing of UNMEE for the period from 1 July 2008 to 30 June 2009 is indicated in paragraph 43 of the proposed budget (A/62/811). **The Advisory Committee recommends that the General Assembly approve the appropriation of an**

amount of $100,367,400 for the maintenance of the Mission for the period from 1 July 2008 to 30 June 2009, subject to a decision of the Security Council. In view of the above, the Committee recommends assessment of an amount of $50,183,850 for a six-month period, as follows: $8,363,975 for the period from 1 to 31 July 2008 and $41,819,875 for the period from 1 August to 31 December 2008, pending a decision on the future of UNMEE. The Committee further recommends that the Secretary-General be requested to submit a report to the General Assembly no later than 30 November 2008 on progress in the implementation of the budget, in order to provide for a revised appropriation and a further assessment, if required.

Documentation

- Performance report on the budget of the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2006 to 30 June 2007 (A/62/560 and Corr.1)
- Budget for the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2008 to 30 June 2009 (A/62/811)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2005 to 30 June 2006 and proposed budget for the period from 1 July 2007 to 30 June 2008 of United Nations Mission in Ethiopia and Eritrea (A/61/852/Add.9)
- Special report of the Secretary-General United Nations Mission in Ethiopia and Eritrea (S/2008/226)
- Report of the Secretary-General on Ethiopia and Eritrea (S/2008/40 and Corr.1)
- General Assembly resolution 61/248 A
- Security Council resolutions 1798 (2008), 1741 (2007), 1681 (2006), 1622 (2005), 1560 (2004), 1531 (2004), 1430 (2002), 1320 (2000) and 1312 (2000)
- Statement by the President of the Security Council (S/PRST/2008/12)

Annex

Current and projected expenditures of the United Nations Mission in Ethiopia and Eritrea for the period from 1 July 2007 to 30 June 2008

(Thousands of United States dollars)

		1 July 2007 to 31 May 2008						
	Apportionment	*Total expenditure*	*Unencumbered balance*	*Projected expenditure 1 to 30 June 2008*	*Total expenditure including projected*	*Estimated unencumbered balance*	*Variance (Percentage)*	
	(1)	*(2)*	*(3)=(1)-(2)*	*(4)*	*(5)=(2)+(4)*	*(6)=(1)-(5)*	*(7)=(6)÷(1)*	*Reasons for variance*
Military and police personnel								
Military observers	8 038	6 560	1 478	362	6 922	1 116	13.9	12 per cent monthly average vacancy rate through 29 May 2008 compared to 2 per cent budgeted, and anticipated strength of 92 to 30 June 2008
Military contingents	37 419	37 389	30	2 551	39 939	(2 520)	(6.7)	Increased costs for mission subsistence allowance for Staff Officers, rations, contingent-owned equipment and temporary relocation costs to home countries; reflects full requirements for relocated troops
United Nations police	—	—	—	—	—	—	—	
Formed police units	—	—	—	—	—	—	—	
Subtotal	**45 457**	**43 948**	**1 508**	**2 913**	**46 861**	**(1 405)**	**(3.1)**	

		1 July 2007 to 31 May 2008						
	Apportionment	*Total expenditure*	*Unencumbered balance*	*Projected expenditure 1 to 30 June 2008*	*Total expenditure including projected*	*Estimated unencumbered balance*	*Variance (Percentage)*	
	(1)	*(2)*	*(3)=(1)-(2)*	*(4)*	*(5)=(2)+(4)*	*(6)=(1)-(5)*	*(7)=(6)÷(1)*	*Reasons for variance*
Civilian personnel								
International staff	20 965	18 908	2 057	1 730	20 638	327	1.6	Takes into account a monthly average vacancy rate of 17.1 per cent through 29 May 2008 compared to the 20 per cent budgeted
National staff	1 304	1 191	113	125	1 315	(11)	(0.9)	Implementation of revised salary scales effective November 2006 for Ethiopia and March 2007 for Eritrea, offset by the actual monthly average vacancy rate of 8.4 per cent through 29 May 2008 compared to the 5 per cent budgeted
United Nations Volunteers	2 127	2 047	80	392	2 439	(312)	(14.7)	Increased costs due to higher voluntary living allowance rates effective August 2007 and a higher number of Volunteers taking home leave (33 per cent higher than budgeted), offset by the higher vacancy rate of 8 per cent compared to the 5 per cent budgeted
General temporary assistance	133	—	133	—	—	133	100.0	Field Service position not yet filled
Subtotal	**24 529**	**22 146**	**2 384**	**2 247**	**24 393**	**137**	**0.6**	

		1 July 2007 to 31 May 2008						
	Apportionment	*Total expenditure*	*Unencumbered balance*	*Projected expenditure 1 to 30 June 2008*	*Total expenditure including projected*	*Estimated unencumbered balance*	*Variance (Percentage)*	
	(1)	*(2)*	*(3)=(1)-(2)*	*(4)*	*(5)=(2)+(4)*	*(6)=(1)-(5)*	*(7)=(6)÷(1)*	*Reasons for variance*
Operational costs								
Government-provided personnel	—	—	—	—	—	—	—	
Civilian electoral observers	—	—	—	—	—	—	—	
Consultants	—	—	—	—	—	—	—	
Official travel	678	548	130	67	615	63	9.2	
Facilities and infrastructure	12 758	8 451	4 307	676	9 127	3 630	28.5	Reduced contingent-owned equipment self-sustainment costs due to a decrease in military strength for the last quarter, underutilization of the minimum operating residential security standards provision by field staff and lower generator fuel costs due to fuel quotas in Eritrea, partially offset by higher rent effective April 2008
Ground transportation	4 752	2 156	2 596	187	2 343	2 409	50.7	Deferred acquisition of some new vehicles, lower consumption of vehicle spare parts; decreased fuel costs due to fuel restrictions
Air transportation	8 233	7 507	726	442	7 949	—	—	
Naval transportation	—	—	—	—	—	—	—	

	1 July 2007 to 31 May 2008							
	Apportionment	*Total expenditure*	*Unencumbered balance*	*Projected expenditure 1 to 30 June 2008*	*Total expenditure including projected*	*Estimated unencumbered balance*	*Variance (Percentage)*	
	(1)	*(2)*	*(3)=(1)-(2)*	*(4)*	*(5)=(2)+(4)*	*(6)=(1)-(5)*	*(7)=(6)÷(1)*	*Reasons for variance*
Communications	3 945	2 801	1 144	209	3 010	935	23.7	Projected savings primarily due to decreased contingent-owned equipment self-sustainment costs, underutilization of commercial communications, support services and public information services, offset by the acquisition of communications equipment for the new headquarters office in Addis Ababa
Information technology	1 536	1 482	54	75	1 557	(21)	(1.4)	Increased cost due to additional information technology equipment procured for the new headquarters office in Addis Ababa
Medical	1 222	916	305	42	959	263	21.5	Projected savings due to lower contingent-owned equipment self-sustainment costs resulting from a decrease in military strength for the last quarter
Special equipment	627	511	116	—	511	116	18.5	Projected savings due to lower contingent-owned equipment self-sustainment costs resulting from a decrease in military strength for the last quarter

	1 July 2007 to 31 May 2008							
	Apportionment	*Total expenditure*	*Unencumbered balance*	*Projected expenditure 1 to 30 June 2008*	*Total expenditure including projected*	*Estimated unencumbered balance*	*Variance (Percentage)*	
	(1)	*(2)*	*(3)=(1)-(2)*	*(4)*	*(5)=(2)+(4)*	*(6)=(1)-(5)*	*(7)=(6)÷(1)*	*Reasons for variance*
Other supplies, services and equipment	9 749	5 889	3 859	2 054	7 943	1 806	18.5	Budgeted mine action services for support of border demarcation which did not occur, resulting in savings of $1.285 million in mine action services
Quick-impact projects	—	—	—	—	—	—	—	
Subtotal	**43 497**	**30 261**	**13 236**	**3 753**	**34 014**	**9 199**	**21.1**	
Gross requirements	**113 483**	**96 355**	**17 128**	**8 913**	**105 268**	**7 931**	**7.0**	
Staff assessment income	**2 840**	**2 570**	**270**	**241**	**2 811**	**29**	**1.0**	
Net requirements	**110 643**	**93 785**	**16 858**	**8 672**	**102 457**	**7 902**	**7.1**	
Voluntary contributions in kind (budgeted)	—	—	—	—	—	—	—	
Total requirements	**113 483**	**96 355**	**17 128**	**8 913**	**105 268**	**7 931**	**7.0**	